

Ward, Jim (UTC)

To: Robert Marple
Cc: Shutler, Dennis (UTC); Cupp, John (UTC)
Subject: Southgate Water Systems, Inc.

Mr. Marple

Thank you for the advanced information about the company filing for a rate increase. Several things have been updated to our filing process.

Any notice send to customers will need to be reviewed by Consumer Protection Section. Mr. John Cupp is the point of contact for notice reviews. You should provide a copy of the notice to him at least 10 days before mailing. The notice also needs to contain the open meeting dates that customers may comment at. The filing process now averages about 60 – 90 days with two open meetings.

Customer communication and education have taken a bigger role in the review part of the filing.

The information you have provided is a very good start. I do ask that if this information (such as meter readings) is available in electronic format, please provide that also. Each item we receive from the company and review work done by staff is now made available to customers via our internet website. Mr. Dennis Shutler is the contact person for the customers after the filing for rates has been done.

I am currently the contact person for the company in regards to the review and processing of filing for rates.

I believe that you should be able to have a notice and rate case ready for filing by the middle of December. I would suggest an effective date for the new rates may be as early as March 1, 2009. This would still provide new rates prior to the spring and summer usage increases.

It appears the company will use 2007 as a test period for review. Also please provide a calculation done to determine the new rate design. Additionally, what process was used to determine that the special repairs for \$20,722 was expensed and not capitalized and depreciated?

If you have any questions please contact me.

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